

# *Review of* INTERNATIONAL AFFAIRS

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YUGOSLAVIA IN THE UN

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# The Crucial Problem of Contemporary Socialism and Democracy

AN INTERVIEW OF EDVARD KARDELJ  
Vice-president of the Federal Executive Council

Comrade Edvard Kardelj replied to a series of questions submitted to him by the editor of the Danish progressive review „Internationale Perspektiven” by the end of December last year. We are reproducing some of the answers which were published in the March issue of this Danish review.

**QUESTION:** The International Workers' Movement split after World War I and developed in two directions, i.e.: democratic socialism which primarily strove to ensure the democratic character of political development, while overlooking or neglecting the significance of the consolidation of democracy by means of a radical structural change in society which would lead to socialism.

Authoritarian socialism, or Stalinism, which assigned priority to the changes in production, not only neglected the further development of democracy brought about by the Russian revolution, but laid the foundations of an enforced and authoritarian political state.

Can Yugoslavia, which lays equal stress both on the democratic and socialist substance, assume the role of mediator between these tendencies?

**ANSWER:** If this implies mediation in the political sense or that which would aim at a mechanical synthesis of these two tendencies, I could not confirm that we have intentions of this kind. Although socialism as a general trend of social development is one, the ways and forms of this development are many and varied. I do not believe that these ways will become uniform in the near future. On the contrary I believe that they will assume ever greater variety. If we have pretensions to be mediators in the International Workers' Movement, this can apply to one principle only, namely, the recognition of the possibility of different ways and forms of socialist development which depend on the concrete conditions prevailing in the individual countries and the mutual organic interconnexion and interdependence of all these processes, as the fundamental principle of international socialist cooperation. And this means, in my opinion, that the problem of the principled unity of the International Workers' Movement does not lie in the mechanical synthesis of the two tendencies to which you referred in your question, but in the overcoming of two exclusive doctrines concerning the way to socialism which appeared as a result of these tendencies and gave rise to the symptoms of stagnation which beset contemporary socialism.

The two tendencies you mentioned in your question are not incidental phenomena, as they have deep roots

in the concrete socio-economic and political conditions in which they were brought about. It would take too much space and time if I would embark on an analysis of these conditions and causes in this interview. At any rate both these tendencies appeared and played an important part in the initial phases of international socialist development when the road to socialism was still being prepared and when the battle for the political and ideological affirmation of socialism was still being waged, while its economic elements were still very weak, namely when the October Revolution had just inaugurated the era of socialism. It is very understandable that under such conditions theoretical discussion on the roads to socialism not only became the central problem of international socialism, but was also reduced exclusively to the question of the two possible roads to power.

The situation is entirely different today. It should primarily be stressed that international socialism has already acquired notable experience not only in the field of socialist political action, but also in its material development. There is a number of countries which have underwent a revolution but are not showing an even or uniform pattern of development. There is also a number of countries in which the workers' movements have acquired strong political positions and achieved more or less significant socialist results through the mechanism of classical bourgeois democracy. Moreover, and this is paramount in this context, the economic factors of socialism on a world scale have developed to such an extent that the political positions of the defenders of capitalism are becoming all the more untenable. This particularly applies to many underdeveloped countries which have recently freed themselves or are still in the process of liberation from colonial domination, as it becomes increasingly obvious that the development of productive forces in these countries is impossible on the old capitalist basis. Under such conditions, the state capitalist forms which must inevitably appear in these cases are also potentially socialist.

Consequently, socialism has already won a major historical victory, having emerged from the phase of ideological and political preparation and having become to an ever greater extent a matter of everyday economic practice for people who are compelled by the very process of

economic development to seek a way out of economic blind alleys and stagnation, either consciously in socialist solutions, or spontaneously in state capitalist forms, which in the long run are only another stage in the transition to socialism. This process will become particularly manifest with the introduction of atomic energy into industrial production, as the latter will provide the incentive for such a development of the productive forces as will preclude the existence of capitalist relations, both economic and political.

It is therefore evident that all these different forms of socialist development should be contemplated as a uniform world process of socialist development which is manifested in different ways, this being contingent on the concrete conditions under which it evolves, and whose concrete political exponents are also many and varied. In this sense the political experience achieved also has an international function. Socialism today is no longer just a political movement, limited only to one part of the world, but a multifold practice, which in various ways and forms penetrates in many countries through the weakened and increasingly shaky barriers of the old system.

Contemporary socialist theory, and hence also contemporary socialist political action, should therefore primarily supplement their classical theoretical Marxist postulates with the conclusions yielded by the immense wealth of socialist experience which mankind acquired during the past few decades in this process of development. It is in the light of these experiences that the manifold schemes and doctrines which, owing to the law of inertia, still beset the workers' movement and impede the visualizing of bolder socialist prospects, should be tested again. This primarily applies to a whole spate of problems concerning the mutual interconnection and dependence of democratic form and socialist substance in social progress.

Contemporary socialist Yugoslavia is doubtless contributing notably to such a development of the international socialist thought and the practice of workers' movements. By promoting specific democratic forms which correspond to the new socialist economic basis, i. e. social ownership over the means of production, Yugoslavia certainly influences the further development of the two tendencies you mentioned to a certain extent. Our country „mediates” by its very existence and the character of its internal development which manifest a deeply progressive social effort to overcome the obvious signs of stagnation in contemporary socialist development which appeared because this development is impeded by certain obsolete political forms or doctrines stemming either from etatist bureaucratic and technocratic tendencies, or from the fetishism of classical bourgeois democratic forms.

*QUESTION: Do you think that the primary role of Yugoslavia consists in showing, by its own example that it is possible to create an organic link between socialism in the narrow economic sense and democracy?*

*ANSWER:* Yes, I think that this is the primary role of Yugoslavia. I would wish to add, however, that this does not imply the simple linking up of the classical bourgeois democratic forms with a socialist economic basis, as such a mechanical synthesis is impossible, but implies an organic development of a more or less new democratic mechanism based on the socialisation of the means of production. Classical European democracy is the organic political expression of capitalist private ownership and capitalist social relations, i. e. such a form of government as regulates the functioning of society on the basis of private ownership over the means of production. The political strengthening of the workers' class in such a system, under certain specific conditions, can weaken the influence of capitalist factors in this mechanism and enable the workers' movement to cover a large stretch of the road to socialism under these forms. But also on this road there appear certain factors or phases in which the old democratic forms must be changed in order to make possible the further development of socialist relations.

It seems to me that this problem has become quite acute in a number of countries. I will only remind you of the problem of the nationalization of certain branches of production which was the subject of extensive and heated discussion in the workers' movements of all countries.

The fact that this problem gave rise to so many differences of opinion in the workers' movements of various countries is largely due, among other reasons, to the circumstance that such nationalization is always carried out in an etatist, state capitalist form, namely that production is handed over to the state apparatus, i. e. exclusively to experts with their technocratic tendencies which inevitably derive from such a system. And this means, first that the interest of workers for problems of production cannot be essentially increased for the simple reason that, by his individual labour in this system, the individual worker does not become a free co-creator of the social means of production, but remains in a specific hiring relationship towards the state which assumes the role of monopolist. Second, production is impeded by bureaucracy which must also lead to unfavourable economic results so that in some cases even nationalized production cannot compete economically with private production. The only solution lies in the genuine liberation of labour as to social means of production by the introduction of adequate democratic forms of producers' self-management. Therefore the demands for the participation of workers in the management of production are acquiring increasing prominence, which, in my opinion, is only the first step towards an essential and qualitative change of the entire system of classical European democracy. Its transmutation in the sense of an adaptation to the socialist economic basis obviously finds its impulse in the lower strata of society.

These factors are all the more obvious in a country where revolution and the revolutionary nationalization of the means of production represent the starting point. In this case the forms of classical democracy, in so far as they apply to the organization of the state mechanism, have proved impracticable, useless and even undemocratic from the very beginning. In so far as these forms are retained, they are usually limited only to the organizational mechanism of the centralized government machine, and must ultimately prove a reactionary factor leading to bureaucratic despotism. This is completely understandable as the consistent enforcement of the classical parliamentary party system is only possible on the basis of private capitalist property. However, monopoly in production also requires and presupposes political monopoly. The synthesis of the classical government machinery with state monopoly in production must inevitably result in bureaucratic despotism. That is why democracy is not ensured by blind insistence on obsolete democratic forms, but by the elimination of monopolies in production, both those of cartels and trusts, and those of bureaucratic etatism.

Therefore the problem of managing nationalized production, i. e. overcoming state monopoly and bureaucracy which leads to political monopoly emerged as the crucial problem of contemporary socialism and democracy. This is where, in my opinion, the fate of socialism is being decided, and not in verbal battles over the advantages of a „multiparty” or „one party” system.

In view of all these facts, and of the indispensability of practical solutions in our concrete reality on the other hand, we have in Yugoslavia devised these new forms of direct democracy based on the self-management of the working people over socialized means of production, which today constitute the starting point in the development of our democratic political system. The essential characteristic of this system is that producers' self-management marks the beginning of the abolition of state monopoly, while converting yesterday's hired labourer into a conscious creator, by transforming him into a co-equal participant in the direct exploitation and management of the socialized means of production. This means, in the long run, that management of production ceases to be also management of men and becomes to an ever greater extent the collective and individual management of things by people. If a definite and stable status of the private owner who influences the decisions of the central government organs through his party represents the basis of the political stability of the capitalist system, the definite and stable status of the individual working man, the producer, who through his organ of self-management, — the workers' council, the commune etc., partially decides on matters, and partially influences the decisions of the central social organs which organically derive from these basic organs, represents the basis of the political stability of socialism. Needless to say, this is not a goal which can be achieved

overnight, as it involves sustained and protracted efforts to overcome the remnants of the past in which we have only made the initial steps. However it is the trend of this development which is essential. And the experience acquired so far has confirmed that we are on the right trail.

*QUESTION: In which way did Yugoslavia try to ensure socialist relations in economy as well as political democracy?*

**ANSWER:** We consider that a mechanism of direct democracy corresponds to the principles and tasks of which I have spoken. The initial steps in its development were marked by the establishment of workers' councils in enterprises, and now this principle is gradually being introduced on all levels of government and social administration. The basic factors of this system are as follows.

1) The workers' council in enterprises is a democratic organ of workers' and employees' self-management. The Workers' Council, within the limits of the plan and other regulations, manages the enterprise as social property on an independent basis. Consequently, the workers' council is not the owner, but the manager on behalf of society, although invested with a high degree of autonomy in discharging this function. The workers' council freely disposes with the funds which belong to enterprise according to the present regulations.

2) The commune is the basic autonomous territorial unit. It unites the common interest of the local community with the interests of the individual working collectives in enterprises, as well as the interests of the individual working man in general and the collective interests of the communities. The commune, together with the enterprise, is becoming to an increasing extent the exponent of all incomes yielded by social production except those which are earmarked for common central funds. The commune also influences the amount of funds which remain at the free disposal of enterprises. The commune is also primarily concerned with the needs of education, health and social services, housing construction, the development of the producer forces etc. Apart from the federal economic plan, these broad powers of the commune in all fields of social life have become the most important regulator of individual expenditure, namely individual requirements. All those questions are dealt with and resolved in the commune by the representatives of the same working people who make decisions in the workers' councils, peasant co-operatives, etc. Thus the working man acquires a deeper insight into matters and is in a position to make more adequate decisions which are not exclusively influenced by individual interests.

The district as the community of communes is the first and most important coordinator in the work of communes. The district consists of the district council in which the influence of the communes as a whole predominates, and the producers' council where the influence of workers' councils of individual enterprises and the individual peasants, namely, their co-operatives, prevails. In this mechanism different interests manifested on the area of such a community are coordinated through a democratic contest of opinion.

Elections for these organs are not effected on a party criterion. The candidates are not nominated by the Com-

munist League or the Socialist Alliance of Working People, but are nominated either by voters' meetings or a determined number of citizens. Needless to say, at the voters' meetings and in the masses in general, the communists and the Socialist Alliance of Working People strive to ensure socialist solutions by their influence. They do not impose them, however. The majority and minority in such a system are devoid of stable and permanent political forms. They are formed over each specific question. There is no fixed ruling group, nor any fixed opposition, because the contest of opinion is waged over every problem, while the officials are in fact employees and executive organs of this autonomous mechanism.

3) Enterprises and institutions, namely their self-governing organs, are also vertically united on a general state scale while retaining their autonomous character. These are, primarily, economic organizations which coordinate the work and mutual interests of enterprises, institutions, etc. in a democratic form. The government organs exercise control over these organizations only within certain determined limits, and as a rule by means of regulations, and not by means of direct administrative intervention. These autonomous associations are becoming an increasingly important factor in our social life. The tendency of these associations to assume an ever greater number of social functions which were hitherto discharged by the government apparatus, is also evident. Similar tendencies can also be discerned in the field of social services, education, etc. Such a development clearly indicates a tendency towards the decentralisation of the individual central social functions. The state plays an ever smaller role in the lives of people while their organs and associations of self-government are acquiring increasing importance. The state is thus being gradually transformed into a simple apparatus of this uniform system of social autonomy for specific field of social life and the defence of national independence and peace.

These are the dominant tendencies in the development of our democracy. Of course, they are still in their initial stages and it is likely that practice will correct us with regard to certain concrete forms, but the results achieved are already sufficient to confirm that this is no longer an experiment, as often alleged in the West, but a legitimate social process which opens new prospects for the development of socialism and socialist democracy.

*QUESTION: Can Yugoslavia appear as a mediator between these two trends of development in the workers' movement in another way than its own example?*

**ANSWER:** I think that Yugoslavia can exert influence primarily by its own example and its readiness to effect a critical exchange of socialist experience with all countries where such experiences exist.

I am convinced that the further successes achieved in our socialist development will be of considerable interest for international socialist theory and practice. Needless to say, in addition to this, we are pursuing a policy of active cooperation with all socialist movements for the purpose of fostering international socialist cooperation, strengthening socialism and consolidating world peace and international cooperation.

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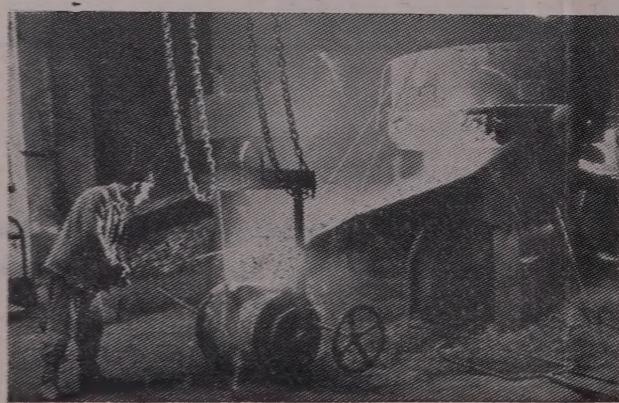
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# A FORTNIGHT IN THE WORLD

By Đorđe JERKOVIĆ

## THE CHANGE

WHETHER Churchill's withdrawal from the British and international political scene will influence the further development of British policy and to what extent is of course a subject of lively discussion although only the coming months and years will be able to provide an answer to this question. There seems little doubt, however, that a personality of Churchill's stature, who had occupied many leading positions in the course of several decades must inevitably have left a personal imprint upon the policy of his country in this period, all the more so as he had taken part in the shaping of this policy over such a long stretch of time and with a dynamism which is seldom found even in the case of above-average statesmen. Nevertheless, it will be necessary to wait for an answer to the above question, because the framing of policy in general, and particularly in the case of Great Britain, with all its long standing traditions, far reaching interests and numerous positions, still evolves according to laws which are often out of reach of the individual whatever his personal talents might be.

According to a considerably widespread opinion, Churchill was and still is a typical representative of conservative Britain, which developed in the course of colonial expansion and the century old colonial domination over vast areas of the world when the imperial ideology was born, and the policy, strategy and mentality of several generations of Englishmen formed. Moreover, there are not a few of those who consider Churchill as a great, or to be more precise, the greatest of all living representatives of this era, particularly its most vivid generation formed during the reign of Queen Victoria which marked the highpoint of British imperial development. But as distinct from his predecessors and the leading men of his country in recent history who as well as Churchill represented a longer or a shorter period of the history, Churchill is least fortunate of them all with regard to the time in which he worked and acted. A sarcastic re-partee of his is often quoted to the

projects for imperial reform in the spirit of the new times and in accordance with the increasing unrest in the colonies. Resolutely rejecting the ideas of the kind, even when they from day to day became obvious reality Churchill retorted wittily that he did not assume the leadership of the country in order to preside over the liqui-



dation of Her Majesty's Empire. All his distinguished predecessors, to a greater or lesser extent, broadened the limits of power and authority of their country in the course of several centuries. In spite of everything, it was not possible to avoid the changes which occurred during the past few decades and which led to the contraction of the Empire's frontiers and the loss of such vital positions as Burma, India, Pakistan, Ceylon etc.

A distinguished American paper wrote after Churchill's resignation to the post of British Prime Minister that his broad talents as military and political strategist represented his main characteristic. Churchill gave abundant proof of these faculties already during World War I and particularly during World War II in which he played such a prominent part. He also showed a series of other assets and

abilities on this occasion which he placed in the service of his country and victory over the aggressors. Perhaps his universal and lively spirit received full scope for ebullience during the war and in the immediate post-war period, when he also achieved the most notable results of his personal efforts and actions. It is still premature to pose the question what will be registered after Churchill's withdrawal in contemporary world history, the history of his country and in what letters. It is undeniable, however, that this will call forth different opinions and appraisals, among other reasons because the interests and policy of his country did not always coincide wholly with the interests and policy of the broader international community, particularly with the interests and aspirations of the non-European peoples.

Some commentators have already established a direct connexion between Churchill's resignation and the failure to realise his favourite project, the convocation of a top level meeting of the big powers. It seems true that he was a fervent advocate of this idea and that he firmly believed that such a meeting would most certainly provide a solution of the present stalemate in the relations between so called East and West; moreover he considered that this would provide an opportunity for the full affirmation of British policy and his own prestige, as Britain would assume the role of mediator and indispensable third partner, which, although the weakest can reap the lion's share from the struggle of the two giants. It is difficult to say whether the resignation has anything to do with the persistent refusal of the USA to accept such an idea, nor can the explanation, although correct in many respects, that the national and imperial successes of British policy during the past few years depended on the degree of success with which Britain played this role which coincided from time to time with the endeavours of the world to preserve peace and eliminate international tension be accepted without certain reserve. Such an explanation seems all the less acceptable in view of the fact that Churchill's withdrawal from the

political scene marks the conclusion of an era of British policy as a world power, and in this light a successful or unsuccessful personal action can appear more or less as an episode. In the era to come, the main problem will rather be one of adjustment to the ever changing relations in the world and less one of shaping these relations and determining the direction and tempo of developments. If it is true that Eden, as distinct from Churchill the strategist, is first and foremost a subtle tactician and sophisticated diplomat, this should be considered a fortunate coincidence which best corresponds to the requirements of the times. This by no means implies that the significant role of Great Britain in Europe and the world will cease or that world and Europe would not feel the absence of British cooperation. In a certain sense the role of this country, in its own and general changed relations, can even be enhanced. This will depend on its capability of adjustment and the fostering of its relations with the world at large.

## COMING TO REASON

At the time when the greatest need was felt for the voice of reason in the policy of the big powers, there were various signs which indicated that this voice was not completely and finally subdued by the dizzy bloc race whose end could only be contemplated with the greatest anxiety and misgivings. In Europe Churchill's recent thesis that peace is the child of fear and the result of intimidating force revealed not only a considerable deviation in the British policy on some fundamental issues from the previous middle course, but also indicated an increase of the big powers' tendency toward power policy as the main argument. This was preceded only a few weeks before by the fall of the French Government which opened new prospects for French and European policy. Furthermore, the ratification of the treaties on West German rearmament within the NATO framework also took place a few weeks after that.

On the other hand statements were issued and gestures made which showed the tendency to retaliate in the same manner. Therefore the latest phase particularly the last months of 1954 and the first months of this year, was marked by a renewal of tension. The only alternative to armed conflict advanced was the thesis of a tem-

porary truce based on the status quo not only without any hope of settlement but also with all prospects for the resumption of the struggle from the existing positions after the expiry of this period of truce. The recent events involving Formosa, the attack on independent Arab policy, etc. testify to the trends and forms of expansion and aggravation of these tendencies.

In Asia most of the independent countries, under the beneficial influence of a group of five powers began discerning things in time. The result of this was the strengthening of international contacts and the efforts made in the field of coexistence. Recent broad conference in Bandung represents the highpoint of such a development. In Europe the situation is less encouraging, particularly after the defeat of European policy concerning the German problem and after the fall of the Mendes-France government, although the manifestations of public opinion and official circles in the European countries leave no margin for doubt as to the actual wishes of Europe at the present juncture. Nevertheless, European policy is still at a standstill, in the capacity of a helpless observer, waiting for the decisive word to be spoken by the representatives of non-European powers and following the initiative of Asia and Africa with rapt attention.

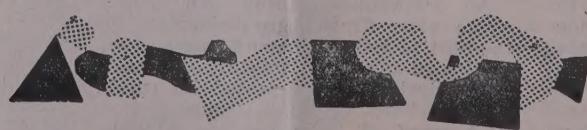
Under such conditions it was most encouraging to note certain novel features in the Soviet attitude towards the Austrian problem and the situation created by the ratification of the Paris Agreements in general. Recent statements by Eisenhower, Harriman, Stassen and Radford against preventivist tendencies in favour of a policy of moderation and reason had a similar heartening effect and for the first time during the past two years, revealed the magnitude of the internal peaceful pressure and the extent of the influence exerted by the outer world which wishes to cooperate with America, but under definite conditions, provided the US remain in the service of peace and international pacification. The world is accustomed to look upon the USA as a powerful country which unselfishly came to the assistance both in war and peace of those who were in the right. However, owing to events in some parts of the world brought about by US influence and on its behalf, this belief was somewhat shaken and judgements reversed. In its relations with Europe it would appear that US policy was not always capable of understanding all the

complexity and sensitivity of internal relations and problems on this continent which is so heterogeneous nationally and has such a rich material and spiritual culture, traditions etc. and therefore encountered obstacles in the conduct of such a policy, and, in spite of the role played previously, the US found themselves in an unenviable more or less isolated position.

The American policy towards Asia is being framed mechanically: regardless of the priority of economic and political problems, the solution of Asian problems is being forced on a military and political plane this being one of the reasons why America succeeded in alienating the greater part of these regions. Last, the chief partners, which are for the most part located in Europe, have themselves found in an awkward position by the frequently impulsive American moves, incapable of following them and jointly bearing the effects and sharing the responsibilities.

Having come into such a contradictory position the responsible people in America mainly reacted in two ways: either by continuing along the course of straining relations and approaching problems, particularly those concerning relations with the East, from the positions of power policy, regardless of the circumstances and consequences, or, and this attitude is winning the support of a steadily increasing number of influential adherents, testify to their responsibility for their country and the common cause, lend an ear to the promptings of reason and the power of reality, which justifies the hope that much could be improved and corrected in American policy provided these symptoms are not isolated and transient phenomena.

It is at any rate encouraging to note the above and hope that these are in fact the signs of a deeper process to which America and the world are subject in their policy so as to adjust it as much as possible to the needs of world peace and the progress of mankind, in which the participation of such a country as America is of vital importance. Because, just as the blocs mutually provoke each other by their short-sighted and impetuous actions, they can, by common effort be brought to reason and encouraged instead of continuing along the road of negotiation and cooperation for the solution of relevant problems, which would afford the shortest and smoothest way towards the abolishment of blocs and bloc policy with all the evils which inevitably follow in their wake.



## New Stage in Economic Relations with Italy

THE settlement of the Trieste problem in October last year created the pre-conditions for the manifold progression of good neighbourly relations between Yugoslavia and Italy. This important event was accompanied by the mutual wishes that the first favourable results in the newly created situation should be manifested in the economic field. The first step in this direction was already made last December when an Italian economic delegation headed by Minister of Foreign Trade Mario Martinelli arrived in Yugoslavia. The general principles of future economic cooperation were laid down on this occasion. An agreement was also reached and a protocol signed on Italian reparation deliveries of investment equipment for electric power plants and transmission lines, as well as various other goods in the aggregate value of 30 million dollars. A Yugoslav Government delegation subsequently resumed economic talks in Rome. These talks had resulted in the conclusion of several agreements which were signed by Osman Karabegović, a member of the Federal Executive Council and Mario Martinelli, the Italian Minister of Foreign Trade.

By their scope the arrangements concluded exceed all the previous contractual instruments, and lay down realistic principles for practical achievements in the field of Yugoslav-Italian economic cooperation. The following instruments were signed: A Trade Agreement, a Convention on Trade and Navigation, a Payments Agreement, two agreements on commodity exchange between the border zones, a Protocol on Civil Aviation, an Agreement on Highway Traffic, with a separate letters on Railway Traffic and tourist cooperation. As can be seen, these agreements cover a broad field in which both economies can find common interests.

It would be wrong to assume, however, that Yugoslavia and Italy had not well developed trade relations also prior to the conclusion of the foregoing agreements. Such a conclusion would moreover be economically illogical in view of the fact that they are neighbouring countries whose economies are complementary in many respects, and with excellent marine and mainland communications between them. It is therefore no wonder that Italy has always played a prominent part in Yugoslav foreign trade. During the past five years the volume of exports and imports was as follows: (in millions of dollars):

Export from Yugoslavia	Import to Yugoslavia
1950	18,524
1951	21,812
1952	31,662
1953	24,500
1954	29,453

Such a volume of exchange accounted for an average 10-12 per cent of aggregate Yugoslav imports and exports in the above mentioned period. The complementary character of the two economies was manifested in the more or less balanced flow of goods in both directions which is in itself an extremely favourable circumstance. Italy purchased agricultural and livestock products, sawn timber and other products of the forest industry, as well as ores and metals, coal, various non-metals and minerals, tobacco, etc., in Yugoslavia, while the latter imported machinery and industrial plants, motor-vehicles and tractors, textile fibres and yarn, chemicals, pharmaceutical products, instruments and apparatus, rubber products, hardware, etc., from Italy.

The newly concluded trade agreements, besides the stipulated quantitative increment of the annual volume of

exchange to about 60 billion liras both ways, will also bring about some qualitative changes of paramount significance. While, according to the previous agreement, exchange was carried out within the framework of limited commodity lists, subject to rigid administrative export and import controls based on the system of export and import licences, the introduction of a liberal trade policy has been stipulated as the decisive factor in the economic relations of the two countries. Minor deviations from the principle of the free circulation of goods have been foreseen only for a few Yugoslav products, i.e. livestock, beef, draught horses, pigs and fresh salted fish for which the volume of deliveries has been fixed while quotas were set for several other articles of particular interest for the Italian economy. On the other hand Yugoslavia, within the limits of its extant regulations, does not impose any restrictions on the imports of Italian goods. Thus the new trade agreement provides the businessmen and trade enterprises concerned with an instrument which enables the free development of business initiative and the increase of exchange.

The Convention on Trade and Navigation which was concluded for a five year period will doubtless constitute a useful supplement to the Trade and other Agreements signed at the same time. Apart from the most favoured nation clause, this Convention contains the general principles on which trade, transport, customs, tariffs, the use of ports, legal protection and other problems of interest for the normal development of large scale economic cooperation will be based.

As already stated two agreements have also been concluded on the exchange of goods in the border zones, i.e. an agreement regulating trade exchange between Trieste on the Italian side, and Nova Gorica, Sežana, Kopar and Buje on the Yugoslav side, as well as an arrangement which similarly aims at facilitating commodity exchange between Gorica and Videm on the one hand, Sežana, Nova Gorica and Tolmin on the other. These instruments foresee an aggregate exchange of 6 billion lira worth of goods. Their principal advantage is that they will enable the simplification of trade operations in the border zones and afford all the necessary facilities with regard to the payment of goods in special places of payment, and customs procedure. These agreements enable a smooth exchange of the products of local economies in specific border areas thus ensuring the further normal economic development of these zones.

The Payments Agreement not only represents an instrument for the regulation of banking and financial operations involved by the payment of goods and services, but also contains a clause on the establishment of a reciprocal manipulative non-interest credit in the value of up to six billion liras. This circumstance is of especial importance for the stimulation of exchange in view of the seasonal fluctuations of production which can lead to temporary dislocations in exports, and thus affect the trade balance on both sides.

The protocol on civil aviation which foresees the opening of regular airlines on the route Milano-Venice-Zagreb-Belgrade, a seasonal Rome-Dubrovnik-Belgrade airline as well as the Agreements on highway traffic, the letter on railway traffic, which provides a definite settlement of the problems relating to the supply of railways with electric power and the opening of new railway passes, and last, the letter on cooperation of tourist organisations indicate the intention of both sides to open "a new cycle of intensive and fruitful activity" for the purpose of fostering good relations between Italy and Yugoslavia.

# OPINIONS ON ACTUAL PROBLEMS

N. DUBRAVČIĆ

## Science Against the Misuse of Nuclear Energy

In his speech at the March Session of the Federal People's Assembly President Tito put forward a certain point of view of greatest importance. He spoke about the problem of nuclear energy which, during the last decade, has changed the face of the world. „Why”, asked President Tito, „must people be afraid today instead of being glad of one of the greatest inventions of human mind? Because people fear that this epoch-making invention will, by the will of some maniac, cause not the progress of humanity but destruction... And this invention like many others invented by man's genius, is being made use of in the first place as a means of terror and blackmail, as well as a means of destruction not of promoting the prosperity and welfare of people throughout the world. Should today a healthy human mind hesitate in choosing the direction it will take in international relations? We consider that it is necessary to destroy all existing nuclear weapons and use their material for the production of energy to promote human welfare which is technically very easy and could be quickly realised.”

In accordance with this view, President Tito stated that Yugoslavia would place her production of nuclear energy at the disposal of economic-industrial development to raise the standard of living. These words resounded throughout the world and aroused the interest and hope of millions of people not because Yugoslavia has mastered the secret of atomic energy; for science today it is no longer a secret. The significance of President Tito's statement is that it provides the answer to one of the most critical questions of the present day: — is it possible for humanity to escape the fate of its own annihilation, a fate which is made all the more real by the irresponsible risks in the rivalry in producing hydrogen weapons, and to turn the fatal stream of events in the direction of cooperation in securing universal progress.

It is no longer a question of politics, but of the conscience of humanity. It is a question of life and existence. Because, since Edward Taylor discovered the first theory of thermo-nuclear energy somewhere in 1927 until the explosion of the first hydrogen bomb on the island of Enivotok in November 1952, that is in a little more than two decades, the general picture of the world and of international relations has acquired the character of Hamlet's dilemma: to be or not to be. Indeed, when the first atomic bomb was dropped on Hiroshima on the 6th August 1945, not only did it set ablaze the sky upon Japan, but it caused an explosion in the human conscience. A whole town with its population melted in the white heat and since that moment people have been anxious. The world was confronted with a new force, more terrible than any disaster caused by the elements, a force created by man.

The dust above Hiroshima had, so to speak, not yet settled, the winds which dispersed the radio-active particles in all four sides of the earth had not yet ceased, when, instead of the „weak” atom bomb, there appeared the new hydrogen bomb on the testing grounds of Nebraska, Nevada and somewhere on the Siberian plane. And

with it there came even greater fear of the future. People have understood that man's genius is in the service of destructive forces. The greatest achievement of science has been misused. But there was no time for reflection, because the discussion on the real destructive power of the H-bomb had not yet been exhausted when there appeared the production of a new device of war on the horizon — the cobalt bomb. The excitement which it caused in politics and strategy numbed people's mind. For the first time in history the world has approached the point from which there may possibly be no return. Politicians and generals have got hold of a means which they are no longer able to control — a means which may lead the fate of the world to chance and ruination. New conceptions in politics and strategy have come into being; all intellectual powers have been mobilised for reformation of armies and the strategy of war. Neither man's soul nor his conscience is saved from the shock and the chaos.

Those in favour of producing nuclear weapons claim that those weapons by their very power of destruction are the greatest obstacle to war. If there is any truth in this, then it is a tragic half-truth, because those weapons by their very existence in the world are the greatest obstacle to peace. But in the conflict between morals and power, between conscience and hazards, passion and error, the conflict which today dominates the scene of contemporary relations, many eminent thinkers claim that the only moral solution is to stop the production and the experiments with nuclear weapons. Such demands are becoming louder and more numerous. They come from politicians and statesmen as well as from the highest authorities in science whose word carries the most weight. It is long ago since Mr. Nehru, the Indian Prime minister made the suggestion that any tests with hydrogen bomb should be prohibited. His proposal was welcomed by all the Asian nations and by numerous individuals and organisations from other continents. Mr. Nehru's initiative originated from the deep anxiety in Asia caused by the test explosion of the hydrogen bomb in the Pacific in March last year. The case of the 23 Japanese fishermen who, far beyond the safety zone, were affected by radio-activity and suffered injuries, shocked the Japanese people. Their reaction was close to panic. After the spread of radio-active dust from Bikini, the Japanese Socialist Party appealed to world opinion to undertake immediate action to prevent further test explosions and prohibit the production of atomic weapons. The danger is too great and too obvious to be only looked at with folded arms. The same thought was expressed in the appeal which a group of a hundred members of the Indian Parliament of different political convictions made to the great Powers last year. This appeal demands the prohibition of atomic tests and the production of hydrogen weapons as well as their destruction in all stocks. „Governments which use such weapons will be condemned not only by their own peoples but also by history as the instigators of the greatest catastrophe of humanity” states the appeal. A questionnaire which was

conducted by the Galup Institute in Great Britain is characteristic of the fears and the mood of the public. This questionnaire revealed that 77% of the British people were against further experiments with the hydrogen bomb and for the prohibition of its production. In a discussion concerning the use or prohibition of atomic weapons and experiments, the scientists gave a cry of warning pointing out the facts of the terrible danger which the test explosions reveal for life on the earth. „Scientists must warn the military experts that the world can endure only a few thousands atomic explosions”, stated Professor Adrian, President of the British Association for the advancement of Science. According to the calculations of Charles-Noel Martin the French atomic scientist, the limit of the earth’s endurance can be reached much sooner: „Several tens of explosions are sufficient to disturb the equilibrium of nature. During the last two years some ten explosions have already been let off and the energy set free by one such explosion is equal to that of 1,000 — 2,500 atomic bombs of the Hiroshima type”.

Protesting against the misuse of the atomic discovery, scientists have given warning that in the test explosions humanity is faced with the possibility of great genetic and climatic disasters. For this reason Charles-Noel Martin gave his last warning to statesmen and generals: „we have reached the danger limit and the whole future of the human race is at stake.” The Executive Council of the British Association of Scientific Workers (which has a membership of thirteen thousand), came to the same conclusion appealing to its Government two years ago to use atomic energy for peaceful purposes. James Rotblat, one of the most eminent British atomic scientists warned the public that „if the experiments in nuclear weapons continue, it is quite possible that serious genetic disturbances might be caused in Nature. If, for example, seventy five bombs were exploded in thirty years, so that each year two or three tests were carried out, natural level of radiation would be doubled and the safety of life greatly reduced.” Professor Rotblat’s research into the process of freeing energy after nuclear explosions which creates radio-active matter, gave the following result: „this matter is to some degree similar to radium, because when released it sets free rays which have the characteristic to destroy the living things they penetrate in. The amount of radioactivity released by the explosion of a bomb is enormous — an hour after the explosion its quantity is equivalent to two million tons of radium. These radio-active rays attack the organism in different ways. In the opinion of this scientist, the continuation of atomic experiments could lead to another danger which might imperil life on the whole earth. Radiation might cause harmful changes to fertilizing cells which would result in the gradual physical and mental deformation of the human race.”

The discoveries of Graham Sutton, the British scientist are similar. He states that the vibration of the H-bomb causes such a rise in temperature which, in its proportions, cannot be compared with any hitherto known natural change on our planet. „If”, said Doctor Sutton, „the main part of radio-active matter carried by the wind, moves at a speed of 50 miles an hour it might be able, theoretically, to go round the earth in three weeks and leave its trace everywhere.” The same picture is given by the research of Professor Godi: „politicians and technicians embark on experiments with no conception of the fatal consequences which they can cause... Explosions of nuclear weapons fill the air with great quantities of radioactive particles which could destroy the reserves of nature and create economic chaos. Changes in the fertilizing cells of the human organism might endanger the future fertility of the human race.”

Hitherto the most authoritative protest against the dangerous risks taken with society and nature have come from the Federation of American Scientists which has a membership of about two thousand from different fields of science and technology. Among the members of this Federation there are scientists of world fame such as Doctor Robert Oppenheimer, Professor Ernest Pollard of Yale University, Professor Stanley Livingston of the Technological Institute of Massachusetts, Doctor Hugh Wolf the physicist and others. At the beginning of last month the Federation launched a public appeal that, under the wing of the United Nations, should be formed a special commission which is to investigate the problem of radio-activity resulting from the hydrogen bomb tests and its danger

for the whole world. Such a Commission would devote itself to the task of providing scientific opinion on the biological and genetic effects of radio-active rays, of establishing the degree of danger and of handing over the results with their recommendations to the General Assembly of the United Nations.

The opinion of such eminent American scientists is worthy of being taken in consideration by all the world. It presents a clear picture of the extent of the undreamt — of risk which the nations are being faced with and a feeling of their complete helplessness. The experiments are becoming more and more a deadly game and the irresponsibility of certain individuals is a danger for the world. For this reason their proposal was made in the tone of a certain feeling of despair, because — as is stated in the appeal — „the explosion of the bomb over Hiroshima is a flea-bite in comparison with the appalling thermo-nuclear explosion which a short time ago was described by the State Commission for Atomic Energy.” The matter in question is the last year’s explosion of the hydrogen bomb which was let off over an area of seven thousand square miles. The whole area of the explosion was covered by deadly rays. Faced with such a warning scientists are considering the dangers which are perhaps not sufficiently grasped in competent circles and consequently they conclude: „perhaps we are approaching a moment when we cannot be sure whether we are transforming the whole world into a laboratory and all living creatures into guinea-pigs”.

In these words there is more than our imagination can comprehend. Can we believe in unscientific stories about safety when such a gathering of scientists state that further atomic-hydrogen tests will mean permanent harm for the human race: „more frequent tests with the H-bomb in future by several atomic powers will finally reach a stage which will present a great threat to the genetic safety of all the peoples in the world.” Not only does this gathering state that on the basis of the results of scientific research, but it requests its Government to offer all the available information on measuring radiation and on the biological consequences to the proposed commission of the United Nations and to supply it with instruments and the technical means for collecting further information.

However, this is not the final word of science on test explosions. Recently well-known specialists in atomic energy estimated the exact theoretical amount of nuclear material, which, if it were used, would destroy all life on the earth. According to the estimation of two scientists, the designers of the atom bomb, Professor Leo Schiller of University of Chicago and Dr. James Arnold the atomic scientist, one atom bomb containing 500 tons of deuterium could produce such an amount of radio-active rays which would soon turn the earth into one huge graveyard. Albert Einstein, the great scientist had several times expressed the opinion that atomic tests were exceedingly dangerous for life on earth. From the time of the first atomic explosion, Einstein had given his support to the universal action of scientists for the prohibition of further experiments and the prevention of the production of atomic weapons.

All nations must react to the common danger in the same way, if for no other reason than by the instinct of self-preservation. Under the moral pressure of world opinion, hardly anyone would dare to reject the conclusions that science has come to. Science confirms that the development of thermo-nuclear power has confronted all nations with the alternative — co-existence or mutual annihilation. This is the thought expressed by President Tito in the following words: „we are convinced that the only right way to secure the progress of humanity is to use nuclear energy for peaceful industrial purposes, for raising the standard of life and for eliminating poverty and backwardness, which is to a large extent the cause of war.”

Indecision to follow this way in international relations could, as science warns us, be fatal for the world. No effort in that direction is superfluous, because nothing less than the existence of civilization is at stake. The message of science is plain: war can no longer be humanized or localized, it must be abolished. Today peace is not only the negation of war, it requires constructive cooperation in the active co-existence of all nations for universal progress now and in future.

# Cartel Laws in Western Germany

BEHIND THE FAÇADE OF „LIBERALISTIC ECONOMIC POLICY”

THE end of March and the beginning of April saw a discussion in the West German Bundestag on the Government Bill against the restriction of competition — actually a Law on cartels. The discussion was interesting in many of its aspects, especially as regards internal political relations and forces, and the relevant changes which have occurred in the course of the last few years.

The draft Law under discussion was submitted by the Government as early as April 1952, i.e. three years ago. Since then, it went through the procedure of the legislative machine which in this case turned out to be very complicated and rather slow, although it has proved to be very quick and efficacious in other cases such as, for instance, in the case of the Paris agreements, and will probably prove so with the many other laws to be passed in connection with these agreements.

It turned out that this very fact — the rapidity with which a law is passed — does not depend exclusively on the legislative machine, but on the character of the law in question, on the conflicting interests or those favoured by them, on the aims which individual groups wish to achieve through them, etc. During these three years, the original draft law suffered important alterations, which reflect basic tendencies and changes in the development of German economy, in the direction of increasing concentration and centralization of capital, revival of old concerns and monopolies, and ever stronger and more significant abandonment of certain democratic tendencies which had appeared in the post-war period. What is also characteristic for this process is the expression of ever greater contradictions between the tendencies of the development in German economy and the official policy, represented as liberalistic. Actually the liberalistic economic policy — as it has been and still is formulated — was more and more reduced to an unsure, indefinite, very vague and theoretical platform while its practice was for the most part adapted to the concrete tendencies of development.

This contradiction was best revealed during the present discussion or, to put it more correctly, it was best seen in the situation of the upholder of this policy — Mr. Erhard, Minister of Economy.

The starting point of the original draft law was the „principle” of the banning of cartels, with certain exceptions, i.e. in the case of approved cartels under the control of competent authorities. In its first article, the law stipulated that: „The contracts concluded by enterprises for the achievement of common aims, as well as agreements between associations of contractors, are non-valid if they influence production by limiting competition, or if they affect relations on the goods and services market.” The following exceptions were envisaged: in the case of a temporary decline of production, when agreements, relating to norms, specification and duly organized production are involved, or in the case of agreements ensuring foreign trade transactions — especially from the viewpoint of exports and equal competitive conditions with other partners on the world market.

Such a formulation did not correspond to the views, demands and interests of the Federation of German Industry. It could not be said that it also answered the interests of those groups which it allegedly wished to protect — such as workers, consumers, small enterprises etc. The industrial quarters — that is, men who, in the words of the socialist deputy Königsvater „have a strong influence on the composition of Parliament, especially through the financing of elections”, immediately took action. The first influence was felt already in the Bundesrat, when, in May

last year, it returned the draft to Parliament with numerous remarks which constituted a further dilution of the original clauses. Instead of the three exceptions foreseen, the Bundesrat demanded exceptions for six forms of agreement, an even more complex, really less efficacious procedure. The Government itself, discussing the proposed alterations, declared that they meant a weakening of the „principles” of prohibition, that they were trying to find a „compromise between the principle of banning and the principle of approval” etc., but it nevertheless adopted certain proposals. This, however, did not satisfy the interests of industry, and the interests of other interested groups — consumers — were threatened even to a greater extent. A new action of the industry followed, engaging political forces, professional organizations, the press etc. The results of this action of the industry followed, engaging political forces, from an official statement of the Ministry of Economy, published on October 18, 1954, which reads: „Talks were conducted in the Ministry of Economy on the Law on cartels between Mr. Erhard, Federal Minister of Economy, and Mr. Fritz Berg, president of the Federation of German Industry. The subject of talks was the report drawn up on this law by the Working Committee. The joint report showed that the views had been so conciliated as to promise far-reaching results. Mr. Erhard, Federal Minister, and president Berg accepted with satisfaction the results of the consultation and agreed to the submitted proposals”.

This was the third variant of the Government's legal proposal: the Erhard-Berg or Berg-Erhard agreement. Because of this and as a result of the adoption of certain proposals by the Bundesrat — Erhard, the „consistent Liberal” who linked the thesis of his „German miracle” with his „liberalistic” policy, etc. — found himself in an awkward situation during the present discussion. Not for the first time and probably not for the last time. But, as on previous occasions — as, for instance, when he gave „competent” estimations about Yugoslav economy on the basis of a three-day journey through our country — again the press was to blame, although an official statement was involved. But this communiqué was not the only awkward fact for Mr. Erhard. He was in a much more embarrassing situation when he defended, from his „liberalistic” positions, the legal proposal in which the formulation on the banning of cartels now presented a quite different appearance.

In fact the contradictory situation in which he found himself was only apparent. This is evident from the agreement with Berg, the president of the Federation of German Industry, when he agreed to the proposals made. And these proposals, as far as is known at present, were aimed at increasing the number of exceptions so as to include fourteen types of agreement cartels. From this viewpoint — his theses on „free, social market economy”; his statement that the system of market economy rests on freedom and free movement, that this freedom should not be restricted by private agreements; that it is ensured by the free operation of the market and the free formation of prices and competition as the basic element of the democratic economic order; that the state should not permit the cartels to dominate the market machinery; that the cartels are alien bodies in the market economy system etc. — all this was not in accord with the actual situation in Germany's economy and economic policy. The principle of the prohibition of cartels was defended while the law, already in its first, and especially in its subsequent variants, was opening wider the door to cartels. The freedom of competition was advocated, while all that was happening in the process of the organization of German economy, especially of the industry, was ignored, al-

though ever more important restrictions of competition are in question. Steps were taken against cartels and their attempts to dominate the market, while the cartel practice on a larger scale was neglected from the coal-steel industry to the processing industry. True, it is not appearing today in the form of cartel agreements, whilst the conventional penalties and similar measures, but in new forms, more suitable and efficacious, less exposed to the intervention of the Law and the danger of being stigmatized and suppressed, as long as it is a question of „free” and „liberalistic” economy.

It is characteristic that the bulk of the German processing industrial output today belongs to the so-called „mark-products”. These products are placed on the market under a definite trade mark and are sold at fixed prices which industry imposes on trade. Those who have no knowledge of the mechanism of modern business and markets, who are not acquainted with the internal organization of industry and economy in general, believe that high-quality articles are in question here, that the mark under which they are sold is a guarantee of their quality. This explanation is intended for the ordinary consumer and it seems to have been accepted for the most part. True, one could not say these are not good quality products, but they are as good as the average quality (which corresponds to the condition, technique and level of production in general). This means that these „mark” goods are not so particularly exceptional, i.e. so exceptional as to deserve a privileged position on the market.

The stimulation for the spreading of „mark-products” manufacture, does not lie in the desire for achieving quality, but is chiefly due to the possibilities for dictating prices to the market, for forming prices with the help of strong non-economic factors. In this way, the appearance of „mark products” meant also a very broad grasp of the market and production through a new cartel practice in the direction of limiting competition etc. During discussion in Parliament of the practice in question, several characteristic examples were set forth.

The production cost of electric receivers for the deaf — including material, wages and general expenses — is 70 DM. They sell for 447 DM. Electric razors sell for 60 DM, while their factory cost is 16.80 DM. The production of a Volkswagen is a little over 2,000 DM; its sale price is about 4,900 DM. (Besides, the factory in question is under full Government control).

The fixing of prices in trade is the modern method of procedure of the bulk of the German processing industry. An enquiry in a big commercial firm which has a very wide assortment of products, showed that there exists a tendency for fixed prices for the majority of articles, that is, for turning the articles in question into „mark-products”. An example was quoted to the effect that today in Western Germany 85% of drugstore goods are so-called „mark-products”. We are faced here with a new form of cartel practice which used to be known in Germany before the war, although never on such a large scale. There is a tendency for the spreading of this practice to the extent of a change-over to the manufacture of „mark-products”. This practice is also appearing in combination with the granting of various benefits to trade, including rebates and discounts. These benefits allegedly run up to 70% in the case of some articles. This is usually the case with those which are being introduced and have not yet won a sure place on the market, or with mass production goods. But one should not assume that industrial enterprises have a free hand in this regard; here too they adhere to the principle of non-discrimination.

This is why there is talk in Western Germany today about the new type of cartel, the so-called „mark-cartels”. Dr Victor Agarz, director of the Scientific Economic Institute of the Federation of German Trade Unions writes as follows in a pamphlet entitled „Economic policy — against us or with us?": „The mark-products with their fixed sale prices and with second-degree links (he means trade — author's note) are a substitute for cartels". The only difference is that they operate on a much wider plane, and have a broader hold of the market.

Here it is not a question of agreements. They do not exist in the form of precise clauses. They occur through intervention of professional associations and organizations of German industry, which exist for each branch as central federations, and within each branch for various types and groups of products in keeping with the degree of spe-

cialization. They also occur in the direct relations of the enterprises themselves. There exists a whole system of correspondence which actually stands for these agreements and through which prices are dictated.

A firm writes to other firms: „We have noticed that there is increased demand on the market for our products, so we have decided to raise prices to... as from...” Or: „We consider that it would be to the mutual benefit to make a new price calculation...” Or, to give another example: „If you are in agreement, we propose, on the basis of the results of our new calculations, to raise the price of our article to... as from...” and so on. This correspondence has become a very effective method for influencing prices and markets. It constitutes a very extensive practice, and operates simultaneously with the action of the professional organizations.

The function of professional organizations in German economy and industry respectively, when exercising influence on the market and prices, is therefore not exhausted with its action in the field of „mark-products”. It is far more extensive elsewhere, not to speak about the key raw materials: coal, iron and steel, oil, metals etc. The professional organizations in industry and trade influence their members by giving „advice”, „opinions”, „recommendations”, „warnings” etc., not to make any mutual discriminations by means of prices, sale conditions and in other ways, asking them to adhere to definite „rules” and so on. The effectiveness of this practice provides for a high degree of concentration with a dominant position of the leading enterprises within the individual industrial and commercial branches. The federations and associations also appear as factors which regulate relations between enterprises when tendering offers. It goes without saying that their role and such methods of work are not limited only to the internal market: their action likewise embraces export and import transactions. In the end this practice is reflected on the standard of living, on the actual earnings of German workers, but this is a separate problem. As such it is also the subject of the struggle of the German trade unions.

All these are not cartels in their classical form. But because they limit competition and even aggravate the relations between branches as well as within the branches, particularly on foreign markets, these forms of agreement within the framework of professional organizations contain the most drastic elements of the cartel practice developed on a much higher level.

In the light of such practice it may be rightly asserted — and this is an opinion which is heard in Western Germany too — that German industry is already cartelized to a very great extent, that this process has been carried out in a relatively brief period, in new forms, although the occupation law on the banning of cartels is still in force — the law regulating the complex procedure of their exceptional authorization, and regardless of the fact that a minimum number of cartels is now registered on the basis of these regulations, so that one could say cartels do not exist in Germany and that the Law on decartelization has fulfilled its task!

This practice is not affected by the proposed Law against the limiting of competition. And yet the Federation of German Industry refuses to accept it. Why? Because it is not essential for it whether cartels will be banned or allowed in principle. What is essential are the articles of the Law which set up a special state body for cartels, and invest this body with the right of control, the right of intervention, and, on the proposal of socialists, also the right of initiative in suppressing abuses. The application and operation of these clauses depend on the relations between political forces. And these political forces may easily be such as to insist on the precise and consistent implementation of the law. Therefore it is far better, from the standpoint of the industrial quarters, not to have such a law, no matter how liberal it might be. Herein lies the explanation of the efforts to postpone its adoption. This also explains why three years have elapsed since the drafting of the Law, the passing of which cannot be considered as certain even now. The attitude of the Minister of Economy also becomes clear — this Minister who, apart from the existing cartel practice, without touching its essential characteristics, can without hesitation, advocate and defend his „liberalistic” point of view and accept being dubbed a „Freiburg dogmatist” in the circles of the Federation of German Industry.

# ECONOMIC PROBLEMS

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## Possibilities of Exporting Electric Power

**A**T the Tenth Meeting of the United Nations Economic Commission for Europe, which was held recently, Yugelexport was discussed several times. Yugelexport<sup>1</sup>, as is known, is a special group of experts of the U.N. Committee for Electric Power, which had been asked to prepare a study on possibilities of exporting electric power from Yugoslavia. This study was finally completed in the middle of December last year and unanimously approved by the Committee for Electric Power just a few days before the beginning of its plenary session.

With that ended the first stage in the years long endeavours to harness the huge potential power of our rivers — of which only about 3% is currently being utilized—and use it for the quicker economic development of the country, and, at the same time, to start international cooperation, in the economic field, in such proportions and in such a way as would, perhaps, open up a new period in the history of economic relations between the countries in this part of Europe.

The significance of the Yugelexport study lies in the fact that it was published by the U.N. Economic Commission for Europe as its own conception, and that it had been drawn up jointly by experts of the governments of Austria, Germany, Italy and Yugoslavia, who for two full years, had been successfully cooperating on a relatively complicated task, elaborating not only the technical side, but also the economic, financial and organizational-legal aspects of exporting electric power from Yugoslavia.

The study has produced some important results. What is essential in its conclusions can be stated, briefly, as follows:

Stage	Year	Project	Total	
			Capacity	Power
			MW	kWh (millions)
A	1957	Perućica I	94	282
B	1958	Perućica II	171	513
C	1961	Cetina	581	1.743
D	1963	Lika-Gacka	771	2.313
E	1965	Idrija	831	2.493
F	1966	Trebišnjica	1.446	4.338

a) export of considerable quantities of electric power from Yugoslavia is technically possible,

b) such exports could go on for decades, and

c) they would be economically useful both for our country and for the neighbouring States, which would purchase winter current from our country.

The study goes into details and is well illustrated graphically. Its thoroughness is guaranteed by the authority of both the governmental experts, who are responsible for its contents, and of prominent technicians from the United Nations Technical Assistance Programme, who solved the necessary geologic, construction and electrotechnical problems. It was fortunate that these Technical Assistance technicians were from the countries which will in the future buy our electric power (Italy, Western Germany and Austria), for their positive conclusions make the study even more convincing.

The Yugelexport study consists of an introductory chapter and four sections — economic, technical, financial and organizational-legal, which were composed by the relevant Yugelexport committees.

The economic section treats the possibilities of exporting electric power from Yugoslavia separately to Austria, Western Germany and Italy and gives the following table which shows the stages in the construction of the proposed projects, their guaranteed capacity and the power which would be available to the neighbouring countries.

This section also gives an analysis of the „market value“ of power to be exported, which is based on the assumption that winter current (from the beginning of Octo-

Stage	Year	Project	Distribution					
			Austria		Italy		West. Germany	
			MW	kWh	MW	kWh	MW	kWh
A	1957	Perućica I	12	36	35	105	47	141
B	1958	Perućica II	22	66	64	192	85	255
C	1961	Cetina	75	225	216	648	290	870
D	1963	Lika-Gacka	100	300	300	900	371	1.113
E	1965	Idrija	100	300	300	900	431	1.293
F	1966	Trebišnjica	100	300	480	1.440	866	2.598

ber to the end of March) would flow from our country at full capacity for 16 hours a day, with somewhat reduced capacity during the night hours. This analysis had been made in order to establish approximately the selling value of Yugoslav winter power, and the prices arrived at range from 0.82 to 1.62 U.S. cents/kWh, the average being 1.20 U.S. cents/kWh.

<sup>1</sup> See „International Affairs“, Vol. V, No 91/2, Feb. 1, 1954.

The technical section of the Yugelexport study gives a survey of the potential power of our waters and of the available fossilized fuels. It also gives the plans of four new projects and of the Perućica plant, which should be built quicker and on broader lines than necessitated by the present rate of increase in home consumption of power. Foreign credits, if granted by the middle of this year in order to speed up the construction of the Perućica plant, would enable us to export several hundred million kWh of power yearly from the 1957/58 winter onwards, which

would improve the chances of realizing the Yugelexport plans. This part of the study further gives plans of the necessary network of transmission lines, together with the preliminary expenditures for the construction of all projected installations.

These expenditures amount to:

Project	Plant	Transmission Lines
(in million dollars)		
Perućica (extension)	11	6
Cetina	94	29
Lika-Gacka		
Idrija	46	2
Trebišnjica	116	33
Total	309	70

The financial section treats matters connected with the financing and amortization of the projects, assuming that the necessary expenditures would be secured through long-dated credits, such as granted by the International Bank (at 4% interest and with a moratorium of 5 to 7 years), through commodity credits and through reinvestments of part of our profits from the sale of power.

The following table illustrates an imaginary, but not altogether improbable way of financing the Yugelexport plans.

Year	Yugoslavia's re-investments of in-Long-dated Other income from power credits	vestments (a)	Total sales
1954	—	2.00	4.73
1955	—	10.00	4.73
1956	—	14.00	3.65
1957	—	15.00	8.07
1958	1.11	15.00	9.81
1959	5.25	15.00	12.97
1960	4.46	15.00	20.76
1961	4.46	15.00	15.69
1962	14.93	15.00	7.41
1963	5.78	10.72	19.85
1964	12.12	—	31.79
1965	9.01	—	29.72
1966	9.24	—	24.27
Total	66.36	126.72	379.00
%	17.7	33.3	100

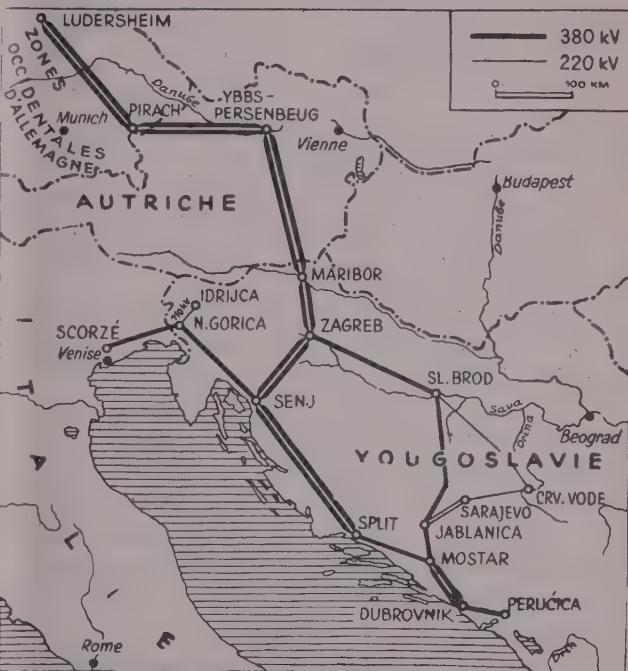
(a) trade credits, obligations advances for power exported and the like)

The organizational-legal section of the study treats the various possibilities for the realization of the Yugelexport plans, considering them primarily from the viewpoint of international law. The proposed solutions range from the concluding of ordinary contracts for power supplies between companies from the countries concerned to the possible setting up of an international enterprise on the basis of a multilateral inter-State agreement, which would finance the construction of the plants and transmission lines and conduct the selling and buying of power. That enterprise, which could be organized as an international corporation, and in which the interested governments would be equal partners, owners and managers, could seek credits on the international money market, not only in the countries which would import our power, but also in other places where favourable terms could be obtained as well.

In this way it would be possible, to draw a clear line between the credits granted to Yugoslavia for the development of her own economy and those given to such an international enterprise which is to use them only for the construction of projects — in Yugoslavia and in the importing countries — which would serve their intended purpose, i.e.

to enable to find, through the exports of winter current from Yugoslavia, the best possible solution to a serious problem encountered in a number of European countries. Since the realization of the Yugelexport idea would be of equal interest to Yugoslavia and to her neighbours, it is clear that what is involved is a real international project, whose financing should not prevent our country from obtaining credits on its own account.

The Yugelexport Organizational-Legal Committee suggested that the concluding of bilateral agreements should be entrusted to a special body, which would be set up for the purpose. This means that it would be possible to form an international enterprise as explained above and, at the same time, organize another international body, so that both of them would be there to see that the exporting of electric power from our country is carried out in a proper manner. One of the tasks of this special body would be to turn all bilateral contracts into a single and workable system, and to couple them with multilateral inter-State arrangements, which would guarantee the continuity of supplies and the facilities of making payments, paying due attention to taxes and other duties which the concerned countries might impose on imports and exports of electric power.



It should be mentioned that effective and successful international cooperation took place during the drafting of the Yugelexport study. To overestimate this fact would be going too far, but to underestimate the prospect then opened would be thoughtless, for it will not be exaggerating to say that it is possible to discern in the Yugelexport study the beginnings of a new system of integration, which would cover the basic sectors of the economies of a number of neighbouring countries.

Yugelexport has completed its task, but its idea has not yet been realized. It is now up to the governments of the interested countries to do something if they wish to realize a plan which would be of interest to their countries. So as to reach practical results as soon as possible, the U.N. Committee for Electric Power has unanimously adopted a resolution, recommending to the governments of Yugoslavia, Austria, Italy and Western Germany to form a Mixed Commission composed of two delegates from each country, whose duty would be to follow developments, to study various possibilities for the realization of the Yugelexport plans, and to facilitate the concluding of inter-State agreements, which would serve as a basis for bilateral arrangements between companies concerned, and, generally, to coordinate both the study and the realization of individual stages in exporting winter current from our country.

# The Economic Problems in France

THE twenty-first French post-war government, headed by M. Edgar Faure, former Finance Minister, has announced in a declaration issued from the „Palais Bourbon” that it aimed to apply certain measures in the social and economic field before June 30 — provided it remains in office long enough and provided the Assembly enables it to carry out its plan.

These measures, which affect some fundamental matters in the development of the French economy, provide for the increasing of the index of industrial production to 180 (153 in 1954), the raising of the standard of living and the increasing of income from agriculture by 7%, as well as for the balancing of trade exchanges without using American assistance to that effect. The Government undertakes to maintain the stability of the franc, which was established two years ago, and which then marked the end of the earlier inflation tendencies. In addition the Government's plan provides for the re-consideration of the fluctuations in wages and productivity, for the determining of guaranteed prices for the chief agricultural products in the next two years, for the changing of the taxation system so as to stimulate private investments, for the continuation of the struggle against alcoholism and so on.

As far as the French Union is concerned, the Government is to give most attention to the crediting of agricultural production and equipment, to the developing of natural resources in overseas territories, and to the strengthening of the franc area.

In the field of foreign economic relations a study will be made of the project for a European association in the field of industrial energy, atomic energy and transport, and France will continue to participate in the institutions of economic cooperation and integration.

As is seen, the intention of the new Government, as formulated in the said declaration, is to continue with the gradual and cautious settling of a whole series of important economic problems, which for a number of years have been responsible for the unsatisfactory condition of the French economy and for its not too favourable place in the world market. The initiator of this policy is the present Premier, who is the author of the well known Eighteen Month Plan for the Expansion and Reconstruction of Economy the implementation of which started a little over a year ago.

The economic policy pursued by the governments of the last three years tended first to check the inflation and stabilize the franc, and, secondly, to seek solutions to other problems as well. In such endeavours they sought the political support of the right wing, which gave a definite character to the measures and plans that were undertaken, slowed their implementation and made it impossible to take any more radical steps which might have affected more deeply the existing proportions in the distribution of income, and endangered the position of economically strong and protected groups.

An exception to this — in intention rather than in concrete measures — was the Mendes-France Government, which, due to well known reasons, was in no position and had no time to concentrate its efforts on economic problems. Mendes-France fully grasped the gravity of the economic situation and the necessity to put an end to the immobility in production and undertake bold actions which would affect the existing economic structure.

During the parliamentary discussions in August last year, when he sought and got broader powers in his economic policy, Mendes-France pointed to some persisting economic problems of the country. French industry has been relatively lagging behind the leading industrial countries for several decades; its modernization is too slow; agriculture is burdened by high production costs and is unable to compete successfully in the world market; the foreign balance of payments is negative; and the losses suffered in the export of agricultural products, the prices of which are

about 10% higher at home than on the world market, must be covered by the budget. While other West European countries were gradually liberalizing their foreign trade, France was forced to increase restrictions and expand the already wide system of protection. True, this somewhat decreased her foreign trade deficits, but new liberalization measures, which are necessary, might again create the same situation if the general economic situation is not improved beforehand.

In regard to economic integration, Mendes-France held that France, before engaging herself to any appreciable extent in that integration, must create within its national limits a stable and strong economy, so as to be able to appear in any pool as a strong partner without any fear of being ousted by other participants. That, however, was opposed by the supporters of integration (advocates of united action), who considered that France should seek solutions to her economic problems through integration.

When one reviews the development of French industry since 1913 two facts become immediately apparent: industrial production has been increasing at a very slow pace and quite unevenly, and its ability to compete in the world market has been greatly restricted by relatively high production costs.

This lagging behind in industrial production can be best illustrated by comparing it with other industrial countries. If we take the level of production in 1929 to equal 100, then the 1953 index of industrial production in various countries was as follows:

Canada	—	—	—	—	—	276
Sweden	—	—	—	—	—	252
USA	—	—	—	—	—	222
The Netherlands	—	—	—	—	—	182
Italy	—	—	—	—	—	156
France	—	—	—	—	—	113

In Great Britain and in Western Germany this index was in that year well over 150. The French share in the world production of some commodities, such as raw steel, aluminium and motor cars, has decreased in relation to the years 1913 and 1929, although some progress has been made since then in these industries. In 1913 only three other countries produced more raw steel and only one produced more motor cars and aluminium than France; now three countries produce more aluminium and four produce more cars and raw steel than France.

After the war France has made considerable progress in the modernization of production particularly in the coal and steel industries and in electroeconomy. That was made possible by American assistance and by the planned intervention of the State in the basic industries which manifested itself through the nationalization of mines, through State financing of investments and some other measures. Thus, significant results were achieved: enterprises were modernized, the productivity of labour increased, new factories opened and old ones enlarged. The average age of machine tools was considerably reduced. In 1944, for instance, only 7% of the French machine tools were less than five years old, and 25.5% of them had been in service for more than thirty years. In 1955 already, the number of first category machine tools amounted to 35.6% of the total. Owing to all this, a considerable increase in production was made last year, when the total output was about 10% greater than a year earlier.

However these results are far from being satisfactory. The overall productivity of labour is still low compared with some other Western countries, because there are many enterprises which work with outmoded equipment. The average production cost in France is relatively high, which reduces her ability to compete with other sellers on the world market. The consumption of home products by the

home market must, therefore, be ensured by stringent restrictions and other protectionist measures, which prevent any competition by foreign producers. The long Indo-Chinese war had an unfavourable effect on the economy of the country, because it was a constant burden on State finances, and because it necessitated the adaption of production to the military needs regardless of costs. Furthermore, the present volume of investments does not meet the needs of modernization — only 13% of the national income are being re-invested, while in other countries of the Organization for European Economic Cooperation 15% to 20% of the national income are set aside for investment.

The development of individual industrial branches does not progress evenly. While many branches of production are still stagnating (oil and chemical industries, for instance), considerable advances have been made in others. The successes achieved in the past year were largely the result of the improved terms of trade in Western Europe.

In order to find an effective way out of that situation, the Mendes-France Government began to apply a number of measures the aim of which was to modernize and rationalize industry through the concentration and adaptation of non-profitable enterprises to the new production needs, for which purpose new funds were to be established. This action, however, remained in its initial stage, but the process of concentrating production has since shown itself successful (in the motor car industry). It now remains to be seen how the change of government and the present inclination of the Assembly will affect the further carrying out of this action, which the Government itself should conduct.

Especially delicate and complex problems are encountered in agriculture, which is characterized by several factors: a high percentage of the population (30%) engaged in agriculture; the predominance of small farms, which prevent the application of contemporary methods of cultivation; low yields in comparison with other developed countries (in France there is one tractor to every 85 hectares of arable land, in the United States to every 48 and in Great Britain to every 23 hectares); large surpluses in grain, wine, sugar, milk and meat, so that the State is forced to purchase them at guaranteed prices in order to enable the weak producers to sell their products; constant grants to exporters of agricultural products because home prices are higher than those on the world market. Seeing that governments largely depend on the conservative groups in the Assembly, which represent also the village producers, they must take into account the wishes and interests of such groups, and that is what prevents any new economic measures likely to change the situation.

The basic problem to be solved in agriculture is to raise production on the basis of lower costs and increased labour productivity which would increase the income in agriculture, expand the home market and improve chances of selling products abroad.

Another significant problem in agriculture is presented by wine and spirits, the production of which more than satisfies the already great demand. Since it is very hard to find and maintain markets for such articles, here too, the State is forced to purchase the surpluses, which is an exceptional draw on the budget.

The Mendes-France Government, endeavouring to adapt agricultural production to the needs and possibili-

ties of the home and foreign market, began to plan reforms in this field as well. What it aimed at was to expand the production of profitable crops and reduce the output of the articles which can hardly be marketed. The yearly French production of grain amounts to about 10 million tons, and so far the State guaranteed fixed prices for the entire quantity. Now, however, it has decided to guarantee fixed prices for only 6.5 million tons, while the rest is to be paid at the prices prevailing on the world market, which are lower than those at home.

In order to decrease the distillation of alcohol from sugar beet, the Government abolished grants and decided to give greater attention to the production of sugar. Further it adopted a number of measures in the struggle against alcoholism, the most important of which is the granting of awards for the uprooting of vineyards which is gradually to decrease the quantity of wine produced.

This situation in economy has an unfavourable effect on State finances and on trade with foreign countries. The yearly budgetary deficits amount to several billion francs (last year it amounted to about 400 billion). Now, it is planned to balance the budget within two years. Likewise, the French foreign trade balance is constantly in deficit:

Year	Imports	Exports	Balance (in billion francs)
1951	1,615.3	1,484.3	— 131.0
1952	1,591.7	1,416.5	— 175.2
1953	1,458.2	1,406.8	— 51.4

In 1953 the French volume of exports covered only 81% of imports. As a result France had to make use of American assistance to make up deficits; even so, she is in debt in the European Payment Union.

Owing to this negative trade balance, France had to lower the percentage of liberalization. While most of the members of the Organization for European Economic Cooperation have liberalized private exchanges by 80% to 90%, the extent of France's liberalization was 65% until recently and is 75% now. But, since these percentages are computed on the basis of the 1948 trade exchanges, it seems that the real liberalization is even smaller than it appears. Beside foreign trade was effectively restricted by additional import duties.

Consequently the Government is faced with a number of complex problems. The chief among them is the necessity for a taxation reform, which would facilitate investments without burdening economically weaker sections of the community. This problem now acquires a special significance through the spreading of the Poujade movement.

In addition the Government also faces the difficult problem of raising the minimum workers' wages on which the trade unions insist, saying that the increasing of productivity at the same or, in some cases, partially lowered prices and at the same wages, also increases the profit of the manufacturers.

It is not certain whether the Government will be able to contribute to the settling of these problems. It seems that, fighting for its very existence, it is inclined to seek with caution compromises and solutions likely to reconcile and satisfy the divergent interests of the majority on which it depends.

# PARLIAMENTARY LIFE

## Yugoslavia in the UN and Other International Organizations

We are publishing in this issue a chapter from the Report of the Federal Executive Council for 1954 which deals with Yugoslavia's participation in the work of the United Nations and other international organizations. The chapter on Yugoslav trade relations with foreign countries and the introductory part of the chapter on the development of the Yugoslav social and State system were published in two previous issues.

THE United Nations Organization takes an exceptionally important place in our foreign policy. For just as in the difficult period of the cold war this Organization strove to organize and maintain collective security, to suppress extreme tendencies and to alleviate and eliminate dangers of war, it has today, in more favourable conditions and lesser international tension, all the opportunities of affirming itself still further as regards the development and strengthening of active coexistence between states and nations. Being convinced of this, we continued with our effort, by contributing to all positive efforts, to have the role of the United Nations increased and expanded in all fields of human endeavour.

In 1954 these endeavours of our country were particularly expressed during the Ninth Session of the General Assembly. At that time, special attention was being paid to matters in the economic field, in which the possibilities for achieving useful results had grown appreciably, and in which Yugoslavia, as a member of the Social and Economic Council, engaged in constructive activity throughout the year.

The General Assembly met then at a time when there were no open wars in the world, when there was a clearly manifested easing in international tension, which had to be backed and speeded up. That made it possible to approach the consideration of problems in a much more constructive way, and to start the settling of individual international issues on the basis of constructive proposals.

Although it did not succeed in finding definite solutions for a large number of problems, the Ninth Session of the General Assembly achieved significant initial successes, and so opened up new perspectives which, in an atmosphere of work, conciliation and better understanding, marked a new positive development in international relations and created better chances of reaching future agreements.

The Yugoslav delegates, being aware of these more favourable although not yet consolidated, conditions and atmosphere which prevailed during the session of the General Assembly, directed their activities so as to contribute to everything that was constructive and tended to improve the existing circumstances and chances of reaching positive and concrete results in all outstanding issues. They developed such activities particularly in those matters which were of the greatest interest during the session, such as the disarmament problem, international cooperation in the peacetime use of atomic energy, the question of the universality of the United Nations, the problem of Korea and the like. On the other hand, the Yugoslav delegates were against everything likely to introduce elements of the old relations or sharpness in the work of the Assembly, i. e. against everything that was in contrast to the positive tendencies towards further international relations.

Initial successes were achieved in the problem of disarmament, which, owing to general tendencies towards further reconciliation and lesser international tension, became an issue of primary importance during the session. It must be mentioned that, after a long time, the General Assembly was in unanimous agreement upon a question of such importance. True, the results achieved so far are not final solutions; nevertheless, they open up new prospects and provide a basis for the further conciliation of views, which was manifested and achieved during the Session.

The results achieved in the field of peacetime uses of atomic energy, which might be said to be the other side of the disarmament problem, are just as important as those in the problem of disarmament itself. Our delegates acclaimed and supported the initiative of the United States Government, which was an introduction to the settling of a problem in which — again with the unanimous agreement of the members of the United Nations — foundations were laid down for the organizing of an International Agency which would be of great importance for the further economic development in the world, and particularly for the development of its underdeveloped regions. During the debate on this question, the Yugoslav delegates expressed the hope that the contribution of all members of the United Nations and of the specialized agencies will be manifested, not only during the work of the International Agency for the Peacetime Uses of Atomic Energy, but during the process of the setting up of the Agency as well.

In spite of these positive results, it was unfortunately impossible to make any definite step towards achieving the universality of the United Nations, i.e. the foundations upon which the Organization should be based. Nevertheless it was generally believed that the settling of international problems and the organizing of international cooperation could hardly be continued in the absence of so many states, including such important factors in international relations as the People's Republic of China.

2. In international economic organizations, particularly in the Economic and Social Council, Yugoslavia in 1954 actively worked on all important problems, trying to contribute to the efforts made to achieve such solutions as would improve the general stabilization in the world.

Yugoslavia particularly endeavoured to contribute to the proposal for organizing, within the United Nations, a broad system of assistance to the underdeveloped countries so as to help them to speed up their economic advance. In that respect, we continued to support the efforts to create a Special United Nations Fund, out of which individual governments would receive long term credits or capital grants. At the same time we defended the view that the International Bank should endeavour to grant greater financial means to underdeveloped countries, and that the funds at the disposal of the United Nations Technical Assistance should be increased. In that year Yugoslavia contributed 12.500 dollars and 21 million dinars to the United Nations expanded Technical Assistance Programme. The developed Western countries agreed to contribute to the proposed Special Fund, the establishment of which had been requested by the underdeveloped countries several years earlier.

In considering other economic problems, particularly how to maintain high economic activities in developed countries, Yugoslavia emphasized that such problems can-

not be considered without taking into account the world economy as a whole, i.e. without paying due attention to the necessity of international economic cooperation. Together with a majority of the United Nations members we pointed out the usefulness of decreasing defence expenditures, the need for stopping the cold war and for finding better methods of settling outstanding international economic problems, which are a cause of instability in the world economy.

3. Taking into account that certain problems, especially in the economic field, for the solution of which no world-wide conditions exist at present, can be usefully settled within the United Nations regional organizations, Yugoslavia gave her full attention to the problem of European cooperation. This cooperation, as in earlier years, developed chiefly through the United Nations Economic Commission for Europe — the general European economic organization — in which we supported various concrete forms of cooperation. Thus, at a meeting of the Commission in March 1954, at our initiative and with our support, a committee of experts for the economic development of insufficiently developed countries of Southeast Europe (Yugoslavia, Greece, Turkey and South Italy) was formed, which during the year worked on the drafting of a plan for the development of these countries. Furthermore, work was continued by the YUGELEKSPORT group, which, in cooperation with representatives of Austria, Italy and Western Germany, drew up and elaborated a study on the possibilities of exporting electric power from Yugoslavia. In addition, we are interested also in concrete economic actions which are being taken by the Western economic organizations.

With the aim of instituting more active cooperation with such organizations, we expressed our readiness to delegate a permanent observer to the Organization for European Economic Cooperation. At the same time, we agreed to participate in the European Conference of Transport Ministers.

4. In 1954 our ties with and our participation in international social, health, cultural and scientific organizations were extended and expanded on the foundations laid down

in 1953. During that year more international meetings devoted to these matters were held in Yugoslavia than in any previous year. Among these were: the International Child Welfare Congress, the International Congress of Sport Medicine, the International Seminar for the Rehabilitation of the Disabled, the Seminar of Sanitary Engineers, the International Congress for Hydroclimate and Electrotherapy, the Meeting of the Bureau of the International Union for Documentation, the Meeting of the Council of the International Federation of Librarians (twentieth), the Meeting of the Bureau of the International Railwaymen's Resistance Movement, the Congress of the International Handball Federation, the Meeting of the Regional Committee of the World Health Organization, etc.

Our country continued to give its full support to the work of UNICEF, both within the United Nations and in general. Although UNICEF assistance to our country is being decreased for the benefit of countries whose needs are greater than ours, we are today among the greatest European contributors to this fund.

Cooperation with UNESCO in developing international cultural and scientific cooperation was continued, and our political activity in the Organization, which was considerably reduced because we did not participate in its Executive Council in 1952, was expanded, especially through our work at its meetings.

The number of Yugoslav members of international non-governmental Organizations, in which individual social organizations or institutions are enrolled, was increased to 230 in 1954.

5. Taken as a whole, Yugoslavia's activity in international organizations, particularly in the United Nations, can be taken as evidence that our country will continue to be an important factor in furthering international cooperation, especially through the United Nations, whereby it will contribute to the realization of the aims of the Charter — the maintenance of world peace and security, the furtherance of international cooperation on the democratic basis of people's equality and sovereignty — and to the implementation of the principle of active cooperation and creative coexistence in international relations.

## The Hydro-electric Plant „Jablanica” in Operation

In the great efforts which Yugoslavia has been making in the field of electrification, a big new success has been achieved: at the end of March the hydro-electric plant „Jablanica”, the largest in Yugoslavia and one of the largest in Europe was put into operation.

Work on this large hydro-electric plant had been carried out over a period of several years in the vicinity of Mostar in Herzegovina, harnessing the currents of the powerful and untamed Neretva river. According to the experts, it was first necessary to build a dam which would hold back the current of the Neretva and form an artificial lake, the water of which would move the turbines and provide Bosnia and Herzegovina, Montenegro, Serbia and Dalmatia with hundreds of millions of kilowatt-hours of electric power. A part of the project was realised when on the map of Herzegovina where there had previously been villages and roads, there appeared a lake thirty kilometres long closed in by mountains and by a dam eighty metres in height. Then the construction work of the greatest part of the plant was completed, so that there were possibilities for the new plant to be partly put into operation.

Two installations are now working which provide 1,500,000 kilowatt-hours of electric power in 24 hours, while the third station will come into operation during May. The

remaining three power-stations will start working at the end of next year and then „Jablanica” will be working to full capacity: it will produce 720 million kilowatt-hours a year, that is 75% of Yugoslavia's pre-war production of electric power. Moreover, „Jablanica” itself will provide twice as much electric power as it is necessary for the maximum present-day consumption of all the industries in Bosnia and Herzegovina, so that a considerable amount of electric power will supply Montenegro, Serbia and Dalmatia as well.

The total investments for the construction of the hydro-electric plant amount to 18 and a half billion dinars (of which 10 and a half billions have so far been spent) and together with the construction of communications, the harnessing of the current and foresting cost 32 billion dinars. Although as seen from its investments, this is not the greatest project of capital development in Yugoslavia, nevertheless the hydro-electric plant at Jablanica is certainly one of largest Yugoslav projects which, from the moment of its planning to completion has been constructed by cadres of Yugoslav experts. When one takes into consideration the backward conditions inherited from pre-war Yugoslavia, the construction of such a power-station by Yugoslavs themselves is a significant achievement and an encouragement for further attainments in the industrialisation of the country.

# ART AND CRITICISM

P. MILOSAVLJEVIC

## Henry Moore's Sculptures

A FEW days ago, in conversing with Yugoslav sculptors, Henry Moore repeated — in a somewhat altered form — a thought from his essays. This thought seems to me very significant. He said that sculpture should have strength as if it had roots. And that thanks to this strength it should tend to move upwards. And that, besides, such strength is inherent in everything alive, in the smallest embryo, in the tenderest plant. And that this vitality raises sculpture as if feeding it.

With these words Henry Moore expressed briefly both one of the basic thoughts which is at the origin of his work and a thought which may be applied to sculpture and graphic arts in general.

But neither these thoughts nor his works, like so many other works and so many other thoughts, are always comprehensible. His sculpture, just like contemporary art as a whole, has both supporters and opponents. Both sides speak in the name of reason, in the name of humanity, in the name of ethics, in the name of history, in the name of tradition, in the name of the eternal or in the name of modernism.

My intention is not to influence anyone's opinions or views on art. Under the sun and stars, since the beginning of history, so many manifestations have taken place, similar or contradictory, so many changes and so many movements, like the changes in which nature itself abounds, to which society and each individual are exposed. But, in contrast to the individual and society, art has an additional quality: that of surviving society. Art does not die with the milieu which creates it. From it art draws its own vital fluids for a much longer life, sometimes for eternity — eternity according to man's standards. All that derives from the spirit, and heart finds a place under the same wing. One of the great qualities of art consists in the fact that being dumb, good, disinterested, springing from noble and well-intentioned sources — it is essentially tolerant or, to be more exact, becomes tolerant as soon as its creators and witnesses retire with their passions and their ideas.

### II

In order to understand better Henry Moore's work, I thought that his ancestors should be taken into consideration. His spiritual genealogy goes very deep into the past. Moore is an Englishman, the son of a miner. Destined to be a miner himself, but trained to become a teacher. He did not become a miner and he did not abandon the teaching profession: he became a teacher of sculpture. His views on sculpture and art are based on a profound knowledge of nature, stone and petrification on the one hand, and ethical principles and pedagogic ideas on the other. But, as an Englishman, Moore belongs also to the Celts, the Gaels and the Romans. Some of these built dolmens, others erected statues and all looked upon stone as a consecrated material whose force is symbolical. Moore turns his ear to the call of the elementary. He likes the so-called primitive art, early Greek plastic art, Egyptian colossi, Mexican idols, especially the civilization of the Aztecs, their tragic and elementary forms, the Romanesque and the Gothic sculpture, and zoomorphic representations in early Chinese sculpture. The whole of this plastic life, created out of the essential and the elementary, seems to be growing out of the earth, silent and ghostly, with the strength and stability of rocks and dolmens. This is motionless sculpture, without pathos, without individualized representation. A sculpture of idols, auguries, symbols.

In this long tradition which Moore inherits and to which he remains, for the most part, faithful and constant, there is nothing baroque-like, no trace of the romantic, of sorrow or joy, no expressions of direct feeling. This is the tradition of synthesis. Its forms are based on constructiveness and statics, on the essential and the elementary. They start from the foundations and from the very interior of the mass and volume. In Moore's case, they start from the only solid substance in the organic world, the bones, a substance which directs and gives the basic outline to the organism. Moore constantly draws bones



Henry Moore: *The Family* (bronze)

and joints, and those textures of the bones which link up the organism and serve its organization. Moore's figure is predominantly human. But not exclusively human. It has no direct connection with man's figure or any other living being, and it should not be viewed as — and above all not expected to be — merely a representation from the outside world. It is only based, and this to a very great extent, on associations with the living world, especially with that aspect of life which expresses the dynamics and vitality of manifestations in nature. On the other hand, it is also based on structures from the inorganic world. Herbert Read, Moore's biographer and author of the joint manifesto, stresses that in the world of human thought and invention all is organic in a sense, but that all in the human physical appearance and natural organisms generally, is constructive in a sense.

Moore's sculptures are based on life in the broadest sense of the word and are very deeply rooted in nature. They spring from various sources. Behind them one discerns shells, birds, eggs, roots, trunks, crystals, ideas of sprouting, movement, flying, ideas of motherhood and love. Strengthened by links and ties and their mutual rhythm, his figures lead, in various combinations, to the idea of man in his cosmic non-individualized form, as a miracle not only to man himself, but to the whole nature. His man, viewed from this perspective, looks like a monster, strong and dignified, sometimes inspiring both fear and awe — an unconquerable monster turned into petrification.

Based on this spirit of eurythmics which runs through the whole of nature as a common denominator, Moore's work is impersonal. It is impersonal, just like the early Greek plastic art or Egyptian sculpture. His creations are units of a universal miracle, such as man for example, or, say, a bird. In order to represent man, Moore raises or lays down a stone or a piece of wood and imagines, from the outset, that this stone, this wood are surrounded by nature. As soon as the stone is isolated and placed into any kind of relation with nature and human beings, it takes a solemn place full of suggestions. The strength of stone is elementary and stone does not allow its mass and its volume to be marred by superfluous elements. Moore emphasizes in his essays that stone is hard and concentrated and that it should not be falsified into looking like soft flesh — that it should not be forced through the composition of its structure into a moment of weakness. Wood and bones are characterized by their dynamics, their capability to carry and uplift the mass, to organize form, to give it meaning, to develop and enrich it by unlimited movement and trends.

Moore makes use equally of all sculptor's material. Clay and plaster, bronze and stone — all are in his hands. But the ultimate aim of his sculpture is petrification. He adapts himself, in keeping with the qualities of the material in hand, to their structure and composition, and he thinks in each material, bearing its origin in mind. His basic aspiration is always before his eyes: to breathe life into the inert mass with help of its internal tension, to put it in a condition similar to that in which the same mass would find itself in nature.

When viewing his sculptures, his numerous reclining figures with raised heads and slightly bent limbs, I have a feeling of being very far away. As if in a dream of world's creation. I conjure up the silence surrounding them in the open and the breeze lightly sweeping along their soft flanks and their long legs and through the hollows of their wristed lungs. Outside time and space, at the very beginning of a world which has not been completed, which will never and can never be completed because it is eternally being created. It is simultaneously the system of Trias, the diluvian period and the era of man. Perhaps the era of man most of all, for only man is in a position to look backwards, gaze at the brown horizons of the Paleozoic, of the Jurassic eras, to see himself in the mirror of the Paleolithic, to imagine his evolution from fish, through the bird and the mammal to, if you will, the Krapina man ...

### III

We could consider Henry Moore's sculpture also in relation to the art of our time and in relation to our time as a whole. It resulted from the development of sculpture after Rodin and Maillol. Brancusi, Arpe, Archipenko, Lipchitz, Giacometti, Gabeaux, Schlemer, Zatkine — constitute a ga-



*Henry Moore: Mother and Child (bronze)*

laxy of sculptors of this century whose work gave rise to a discussion for and against the organic or the constructive in plastic art. Their share in the forming of Henry Moore is beyond doubt, but Moore especially singles out Constantin Brancusi to whom he pays tribute for freeing sculpture of its external burden namely, as he puts it, „the moss, the weeds and outgrowths which took hold of European sculpture after the Gothic period". Brancusi and perhaps Arpe, with their pure and simple forms restored to European culture its taste for the simplified and synthetical while Jacques Lipchitz, with his transparent figures reduced to armature, revived interest in nature, in flora and fauna, and gave rise to various fantastic metamorphoses. All these sculptors contributed to the freeing of sculpture from servility to nature and conventional themes of the 19th century and making it return to the primordial, the emotional and the elementary ...

This situation in sculpture is, of course, not an exceptional manifestation in European art. Sculpture is linked with the whole creativeness, from poetry to architecture. Moore's works should not be viewed as an isolated achievement although they are best placed in neutral and eternal nature to which they are nostalgically and irresistibly drawn. His sculpture is the achievement of our age. And our age is a great turning-point. A turning-point which it is difficult to visualize from our perspective, the perspective of direct participants. We do not propose to show how it came about and how art developed from Cézanne to Calder, as so much has already been said and written about this. But perhaps we could ask ourselves why this change occurred and whether it is so deep as to affect the very essence of creativeness. Today an entire world is being disrupted and a new one created. This process has been going on for several decades. It is to be met in art too. Imagine this destruction of the old world to have been so thorough that even stones as well as bones have been swept away, that all the foundations of our civilization have been ruined and their fragments scattered through the world. This has already happened on a smaller scale — to Troy and Mycenae and Pompeii and Alexandria on several occasions and in a number of places.

And imagine the sun rising over a civilization which is just beginning. The sun is unchanged, insensitive equally generous, eternal. Do you know what is the first task of the new man? To look down on the ground, to listen to earth's murmurings, and then to dig. To look for man. Man never looked for, nor found man upon earth, but always and everywhere he found him under the ground. You will ask why. In order to find his father in spirit, his spiritual fa-

ther, for he could not have been born alone. Thus cultures are born.

That is how the Greeks razed Mycenae to the ground and built up their own culture when, deeply touched, they felt the noble tears of Mycenae. The new always sprang thanks to something that existed previously, thanks to a spiritual marriage, and often begotten by a father much older and more manly in his strength. Thus the Roman culture came into being. Thus the Renaissance was born. Thus classicism was created. Thus romanticism sprouted. Thus our time began too — modern times, the present.

What is our time destroying and what is it building? By destroying the old, it is really destroying only the false. It is destroying what is outworn. It is destroying the conventions and inherited burdens of a civilization which is momentarily in a crisis and stagnation. It is destroying the illusion of the 19th century, academicism and naturalism. It is destroying the official and the commonplace in art, all that remains devoid of vital germs. In a word, the remnants of heritage are renounced so that the new wealth can be created — the wealth worthy of the old creative tendencies. And by destroying, it creates. It refers to nature, assuming that nature is inexhaustible in its beauty and richness of colour (impressionism), and that it has restricted neither its works nor the spirit of man (Expressionism) nor revealed its immeasurable secrets (surrealism). Having got acquainted with nature, it is getting to know man throughout the world, and his till then unknown or little known art, anonymous art, as a natural phenomenon. Thus our time discovered new and numerous sources of creativity. And among them the oldest sources. It discovered the eternal and inexhaustible. And it turns to the sources distant and inaccessible which have remained pure, surrounded by silence; and guards these sources which, with kindred ones, may create a current and a whole river; and an entire big drainage area. These sources, constitute the so-called primitive art.

When Henry Moore speaks in his essays about the so-called primitive art and its significance for modern art, he does not speak only about himself. He speaks actually about a basic, embryonic, generating seed in contemporary art. This nostalgia for primitive art is neither accidental nor intellectual. It is the instinctive tendency of the creator for the manly, the tendency which restored freshness to feeble European art and set in motion an entirely new current. It is not for the first time that in its building and development, European civilization joins its destinies with barbarians and inferiors. Thanks precisely to this barbaric component, this drop of fresh blood, new eras were initiated bringing pure, innocent, powerful works. Primitive art, says Moore, means much more. It expresses a direct message: it is primarily concerned with the elementary. Its simplicity issues from direct and powerful sources. As beauty, this real simplicity is an unconscious force."

One of the greatest qualities of our time, is this tendency towards simplicity. It is reflected everywhere, beginning with architecture. And this tendency occurs — we quote Herbert Read again — "for ethical reasons". „Art no longer represents and depicts the world and man as beauty for the sake of our senses. It wishes to represent the strength and significance of man for the benefit of the spirit". The joint manifesto of Read and Moore stresses that spiritual vitality is more exciting and that it penetrates deeper than senses. The natural phenomena, man, plants, shells, flowers, bones, bulky rocks, atomic structures etc., offer the artist a much greater source of inspiration than his intellect can invent. Therefore, one should not imitate the details of these forms and succumb to the deception of naturalism, but penetrate into the essence of the principle „natura naturans" and subject to it the forces of creativeness".

Thus Moore reaches the idea of universal forms — the forms which embrace the whole world. These forms are

simultaneously born in nature and in our spirit. Thus nature creates at the same time both the forms and the spirit, and as the spirit is a gift precisely to those who venture to create new forms, to which nature invites them with its boundless invention — the question of creation and transposition becomes an ethical principle.

The sculpture of Henry Moore and other gifted sculptors of our age partially passes into the abstract field. But, it is never completely abstract, because of its deep roots in nature and its roots in tradition.

His figures and various compositions and volumes have been set asymmetrically, separately and mutually linked. Individual parts are exhibited simultaneously in an internal gravitation and expansion, similarly to the laws of the mass. This expresses their strength and tension, an internal energy as if their roots were in the earth itself.

Many of his figures, consistently with his wish, are moved by a strange animation. They simultaneously give the impression of a woman and the impression of a mountain, as if the mountain, in the course of long sedimentations and tectonic movements, has taken the posture of rest and stability, offering its generous protection. Around is air, quiet and sunshine. On the top is the head which is upraised in order to see far. Around the figure's neck, straight, vertical, there is a shadow, while a chasm, deep and black extends along the shoulders and along the round bosom. The belly is a hollow, the legs ridges. The hips are saddles, slopes and ranges. The eye is grass and leaves and flowers. Under the grass is the earth, under the earth is stone, immeasurable stone. This is the root of the whole mountain. This is the root of the whole sculpture. This is the greatest and eternal offspring of the complete woman. The woman who spreads her form between constellations.

This devotion to nature, the feeling for nature, love of the open space, expresses the well-known affections of the English. England is a country of naturalists, the homeland of Darwin, Constable, Turner, the land of astronomers, seafarers, writers of travel books. The work of Henry Moore could be viewed also from this angle. But, it is above all European. The fruit of the general European tradition. It aligns itself with the sculpture of all times, which appears to us distant, for the time being. Because we have just been born into the era which is only being born.

Sculpture, as well as the whole of art, has its own life. Sculpture is neither blood, nor flesh, neither man nor woman, nor anything alive. Sculpture — this is stone, wood, earth, gold, silver, bronze, plaster. Its world is imaginary, born of the spirit and the inert mass. To give spirit to stone and brighten it with another breath of life, move it from its place, raise it and uplift it, make it aspire, look, keep silence like the sphinx, like a ruined colossus, make it stand like a column, fly like a bird, sleep like death — means to fulfil a vow which man made from the very beginning when taking his tools: to create not himself, nor someone equal to him, but something higher and more enduring. To create something sacred. To leave us breathless or provoke our smile with its shadow and its ghost. To stop us on our everyday path with a higher shadow. With a white ghost, which has neither eyes, nor breath, nor hands which move, nor words which might be heard. But to make us feel the look from these empty sockets, and feel the words from this open mouth: the look prolonged, eternal, directed everywhere and to all corners of the world, and the baited breath and a whisper longer than our sigh which in a short time will become an expiration. And although this sculpture seems dumb to us, silent, serene and immobile, let us remember that this is sculpture. That this is stone whose shadow does not move. That it is approached by shadows. And that sculpture has never yet and nowhere stepped down from its pedestal. And that it is dignity itself.



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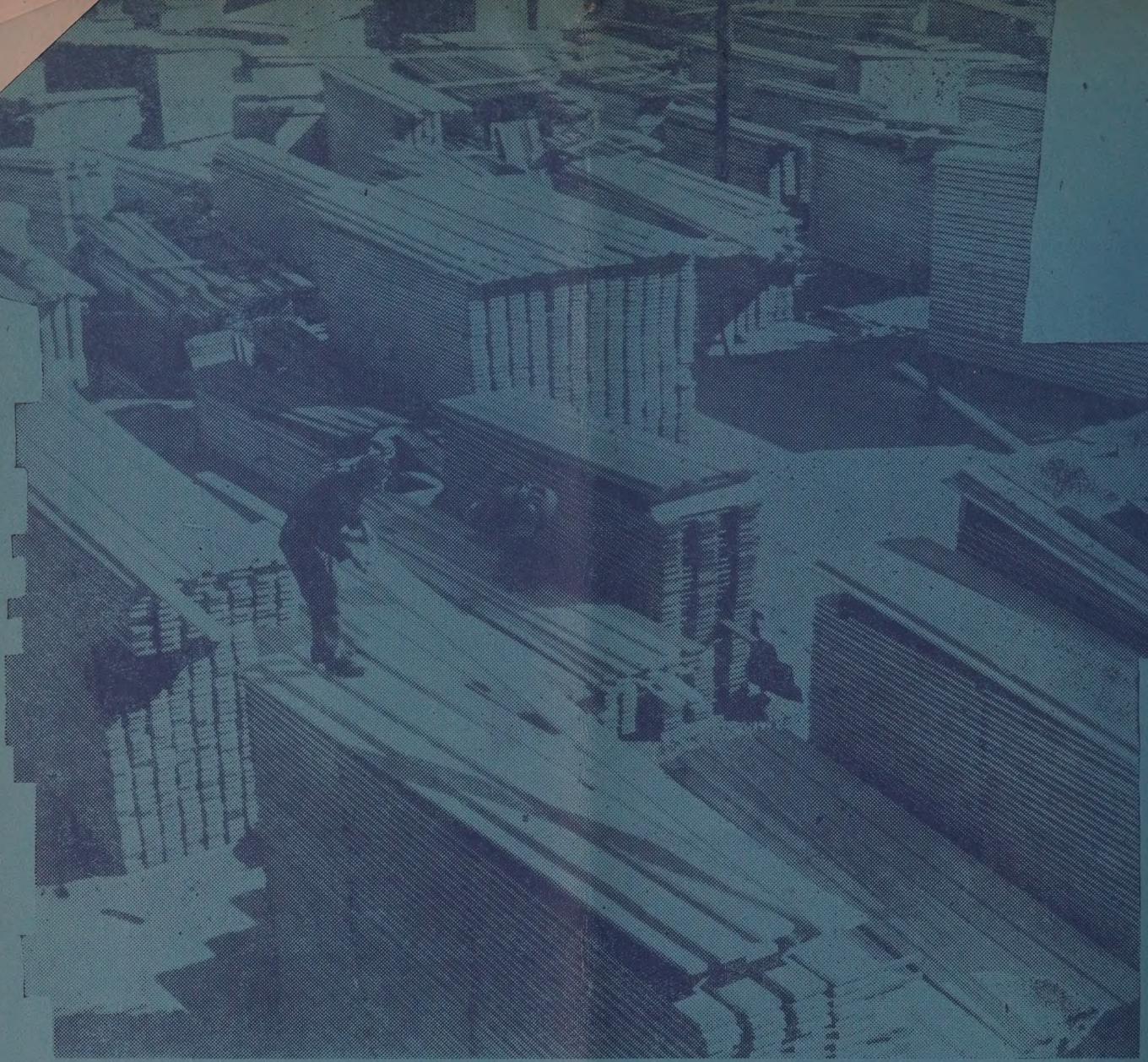
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